

ALLIANZ MALAYSIA BERHAD (12428-W)
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

	As at 31-Mar-08 RM'000	As at 31-Dec-07 RM'000
Assets		
General business and shareholders' fund assets		
Property, plant and equipment	71,449	67,231
Prepaid lease payment	5,522	5,542
Intangible assets	328,345	333,533
Investment property	1,662	1,662
Loans	3,565	3,652
Deferred tax assets	11,256	19,397
Receivables, deposits and prepayments	32,800	36,776
Total non-current general business and shareholders' fund assets	454,599	467,793
Less: Due from life fund	(35,305)	(35,305)
	419,294	432,488
Investments in debt and equity securities	1,373,137	1,322,189
Loans	940	853
Receivables, deposits and prepayments	181,374	191,890
Current tax assets	6,677	10,571
Cash and bank balance	6,936	8,125
Total current general business and shareholders' fund assets	1,569,064	1,533,628
Total life business assets	23,425	23,391
Non-current assets	23,425	23,391
Current assets	1,347,109	1,585,411
	1,370,534	1,608,802
Total assets	3,358,892	3,574,918

ALLIANZ MALAYSIA BERHAD (12428-W)
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008
 (CONTINUED)

	As at 31-Mar-08 RM'000	As at 31-Dec-07 RM'000
Shareholders' equity		
Share capital	153,869	153,869
Reserves	11,076	11,076
Retained earnings	172,270	154,585
Total equity attributable to shareholders' equity	337,215	319,530
Life policyholders' fund and life asset revaluation reserve	1,216,567	1,419,855
Liabilities		
General business and shareholders' fund liabilities		
Payables and accruals	23,245	19,196
Deferred tax liabilities	1,469	3,982
Sub-ordinated loan	490,000	490,000
Total non-current general business and shareholders' fund liabilities	514,714	513,178
Unearned premium reserves	279,303	279,550
Provision for outstanding claims	612,487	601,009
Payables and accruals	274,220	280,622
Current tax liabilities	5,724	7,532
Total current general business and shareholders' fund liabilities	1,171,734	1,168,713
Total life business liabilities		
Non-current liabilities	49,633	54,874
Less: Due to general business and shareholders' fund	(35,305)	(35,305)
	14,328	19,569
Current liabilities	104,334	134,073
	118,662	153,642
Total equity and liabilities	3,358,892	3,574,918
Net asset per share (RM)	2.19	2.08

The accompanying Notes form an integral part of, and should be read in conjunction with, this interim financial report.

ALLIANZ MALAYSIA BERHAD (12428-W)
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31-Mar-08 RM'000	Preceding Year Corresponding Quarter 31-Mar-07 RM'000	Current Year To Date 31-Mar-08 RM'000	Preceding Year Corresponding Period 31-Mar-07 RM'000
Operating revenue *	398,829	277,226	398,829	277,226
Shareholders' fund:				
Operating revenue	1,414	618	1,414	618
Other operating (expenses)/ income	(3,346)	-	(3,346)	-
Management expenses	(1,559)	(8)	(1,559)	(8)
	(3,491)	610	(3,491)	610
Transfer from Condensed Insurance Revenue Accounts:				
- General Insurance	29,421	3,608	29,421	3,608
- Life Insurance	-	-	-	-
Profit from operations**	25,930	4,218	25,930	4,218
Profit before taxation	25,930	4,218	25,930	4,218
Taxation	(8,246)	(1,243)	(8,246)	(1,243)
Profit for the year	17,684	2,975	17,684	2,975
Attributable to equity shareholders	17,684	2,975	17,684	2,975
Earnings per share attributable to equity shareholders:				
Basic (Sen)	11.49	1.93	11.49	1.93
Diluted (Sen)	11.49	1.93	11.49	1.93

* Operating revenue consists of gross premium and investment income.

** The profit for the current year excludes any surplus to be transferred from the Life Fund to the Shareholders' Fund. The surplus from the Life Fund will be determined at the financial year end after the statutory valuation of the Life Fund's liabilities has been carried out by the actuary.

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ALLIANZ MALAYSIA BERHAD (12428-W)
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)

UNAUDITED CONDENSED GENERAL INSURANCE REVENUE ACCOUNT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31-Mar-08 RM'000	Preceding Year Corresponding Quarter 31-Mar-07 RM'000	Current Year To Date 31-Mar-08 RM'000	Preceding Year Corresponding Year 31-Mar-07 RM'000
Gross premium	217,045	123,108	217,045	123,108
Reinsurance	(62,871)	(42,490)	(62,871)	(42,490)
Net Premium	154,174	80,618	154,174	80,618
Decrease / (increase) in unearned premium reserves	247	(451)	247	(451)
Earned premium	154,421	80,167	154,421	80,167
Net claims incurred	(86,206)	(52,617)	(86,206)	(52,617)
Net commission	(14,950)	(8,308)	(14,950)	(8,308)
Underwriting surplus/(deficit)	53,265	19,242	53,265	19,242
Management expenses	(39,306)	(21,522)	(39,306)	(21,522)
Underwriting profit / (loss)	13,959	(2,280)	13,959	(2,280)
Investment income	12,067	6,905	12,067	6,905
Other operating income/(expenses) - net	3,394	(1,017)	3,394	(1,017)
Surplus / (deficit) transferred to Condensed Consolidated Income Statement	29,421	3,608	29,421	3,608

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ALLIANZ MALAYSIA BERHAD (12428-W)
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)

UNAUDITED CONDENSED LIFE FUND BALANCE SHEET
AS AT 31 MARCH 2008

	As at 31-Mar-08 RM'000	As at 31-Dec-07 RM'000
Assets		
Property, plant & equipment	12,730	12,681
Intangible Assets	602	690
Prepaid lease payments	4,777	4,793
Investment property	2,495	2,495
Loans	2,692	2,615
Receivables, deposits and prepayment	128	117
	23,425	23,391
Investment-linked business non-current assets	-	-
Total life business non-current assets	23,425	23,391
Investment in debts and equity securities	1,276,367	1,232,337
Loans	28,350	26,722
Receivables, deposits & prepayment	46,127	52,070
Current tax assets	-	1,683
Cash and bank balances	19,244	11,491
	1,370,087	1,324,303
Investment linked current assets	232,252	261,108
Total life business current assets	1,602,339	1,585,411
Total life business asset	1,625,764	1,608,802

ALLIANZ MALAYSIA BERHAD (12428-W)
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UNAUDITED CONDENSED LIFE FUND BALANCE SHEET
AS AT 31 MARCH 2008
 (CONTINUED)

	As at 31-Mar-08 RM'000	As at 31-Dec-07 RM'000
Life policyholders' fund		
Life policyholders' fund	1,468,712	1,418,934
Life assets revaluation reserve	921	921
Total life policyholders' funds	1,469,633	1,419,855
Liabilities		
Payables and accruals	49,501	51,729
Deferred tax liabilities	132	3,137
	49,633	54,866
Investment linked non current liabilities	228	8
Total Life Business non current liabilities	49,861	54,874
Provision for outstanding claims	30,568	31,208
Payable and accruals	72,774	100,151
Current tax liabilities	1,699	-
	105,042	131,359
Investment linked current liabilities	1,228	2,714
Total life business current liabilities	106,270	134,073
Total life business liabilities	156,131	188,947
Total life policyholders' funds and life business liabilities	1,625,764	1,608,802

ALLIANZ MALAYSIA BERHAD (12428-W)
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)

UNAUDITED CONDENSED LIFE INSURANCE REVENUE ACCOUNT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31-Mar-08 RM'000	Preceding Year Corresponding Quarter 31-Mar-07 RM'000	Current Year To Date 31-Mar-08 RM'000	Preceding Year Corresponding Year 31-Mar-07 RM'000
Gross premium	150,613	132,010	150,613	132,010
Less : Reinsurance	(9,904)	(13,496)	(9,904)	(13,496)
Net Premium	140,709	118,515	140,709	118,515
Less : Benefits paid and payable				
Surrender	26,001	34,563	26,001	34,563
Death	3,519	2,683	3,519	2,683
Maturity	1,001	603	1,001	603
Cash Bonus	3,968	4,257	3,968	4,257
Others	6,232	7,172	6,232	7,172
	(40,722)	(49,279)	(40,722)	(49,279)
	99,987	69,236	99,987	69,236
Less :				
Commission and agency expenses	36,178	24,589	36,178	24,589
Management Expenses	14,757	15,340	14,757	15,340
	(50,935)	(39,928)	(50,935)	(39,928)
Underwriting surplus	49,052	29,308	49,052	29,308
Investment income	14,276	10,967	14,276	10,967
Investment charges	725	819	725	819
Other income (net)	(615)	7,572	(615)	7,572
Surplus before taxation	63,438	48,666	63,438	48,666
Tax (expense) / credit	(592)	(1,491)	(592)	(1,491)
Surplus after taxation but before policy reserves	62,846	47,175	62,846	47,175
Surplus from investment-linked but before policy reserves	(13,067)	20,694	(13,067)	20,694
Fund at beginning of period	1,418,934	1,129,790	1,418,934	1,129,790
Transfer (to)/from profit and loss account	-	-	-	-
Fund at end of period	1,468,712	1,197,660	1,468,712	1,197,660

ALLIANZ MALAYSIA BERHAD (12428-W)
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

	Period Ended 31-Mar-08 RM'000	Period Ended 31-Mar-07 RM'000
Profit before taxation	25,930	4,218
Operating profit before changes in operating assets and liabilities	43,054	22,010
Operating profit before changes in working capital	<u>68,984</u>	<u>26,228</u>
Changes in working capital		
Net change in operating assets	(26,948)	23,838
Net change in operating liabilities	<u>(13,284)</u>	<u>(43,789)</u>
Net cash generated from operating activities	<u>28,752</u>	<u>6,277</u>
Net cash used in investing activities	<u>(6,045)</u>	<u>(2,548)</u>
Net cash generated/ (used in) financing activities	<u>(14,000)</u>	<u>(228)</u>
Net change in cash and cash equivalents	8,707	3,501
Cash and cash equivalents at beginning of year	21,858	13,832
Cash and cash equivalents at end of year	<u><u>30,565</u></u>	<u><u>17,333</u></u>
Cash and cash equivalents comprise:-		
Cash and bank balances:-		
General business and shareholders' fund	6,936	3,448
Life fund	19,244	12,147
Investment-linked business	4,385	1,738
	<u><u>30,565</u></u>	<u><u>17,333</u></u>

The accompanying Notes form an integral part of, and should be read in conjunction with this interim financial report

PART A: EXPLANATORY NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1 Basis of Preparation

The quarterly condensed financial statements of Allianz Malaysia Berhad and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with:

- The requirements of Financial Reporting Standard 134: Interim Financial Reporting;
- Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad; and
- Guidelines issued by Bank Negara Malaysia

and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2007.

The notes attached to the quarterly condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

2 Changes in Accounting Policies

The significant accounting policies and methods of computations adopted are consistent with those adopted in the Group’s audited financial statements for the year ended 31 December 2007.

3 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the Group’s audited financial statements for the financial year ended 31 December 2007 was not qualified.

4 Items of an Unusual Nature

The results of the Group were not substantially affected by any item, transaction or event of a material and unusual nature.

5 Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect in the quarter under review.

6 Seasonal or Cyclical Factors

The operations of the Group were not significantly affected by seasonality or cyclical factors in the quarter under review.

7 Carrying Amount of Revalued Assets

The Group's property and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the Group's audited financial statements for the year ended 31 December 2007.

8 Changes in Group Composition

The Group had on 28 August 2007 completed the acquisition of 100% of the equity interest in Commerce Assurance Berhad ("CAB"), a local general insurer, from Commerce International Group Berhad for a cash consideration of RM496.2 million.

The provisional fair values of the net assets and liabilities of CAB acquired are summarized below:

	Pre-acquisition carrying amount	Provisional fair value adjustments	Provisional fair value on acquisition
	<i>RM '000</i>	<i>RM '000</i>	<i>RM '000</i>
Property, plant and equipment	34,389	8,896	43,285
Prepaid lease payments	520	-	520
Intangible assets	88,933	-	88,933
Investment property	999	(79)	920
Investments in debt and equity securities	510,491	(765)	509,726
Loans	966	-	966
Receivables, deposits and prepayments	101,521	-	101,521
Cash and cash equivalents	13,944	-	13,944
Unearned premium reserves	(111,194)	-	(111,194)
Provision for outstanding claims	(299,633)	-	(299,633)
Payables and accruals	(90,349)	(2,094)	(92,443)
Net identifiable assets and liabilities	250,587	5,958	256,545
Goodwill on acquisition			239,610
Purchase consideration paid (including acquisition cost of RM9,880,828), satisfied in cash			496,155
Less: Cash and cash equivalents acquired			(13,944)
Net cash outflow of the Group on acquisition of subsidiary			482,211

The initial accounting for the acquisition of CAB has been accounted for provisionally under FRS 3, Business Combination. Any adjustments to the fair values initially recorded at the date of acquisition as a result of finalizing the provisional fair values, will be made within twelve months as allowed by FRS 3: Business Combinations, paragraph 62.

9 Segment Information

The segmental reporting for the quarter ended 31 March 2008 is as follows:-

Quarter ended 31 March 2008					
Business Segments	Investment holding	General business	Life business	Consolidated adjustments	Consolidated
	<i>RM' 000</i>	<i>RM' 000</i>	<i>RM' 000</i>	<i>RM' 000</i>	<i>RM' 000</i>
Operating revenue	769	229,460	168,918	(318)	398,829
Profit before tax	176	27,367	610	(2,223)	25,930
Tax expense	(174)	(8,506)	(144)	578	(8,246)
Profit after tax	2	18,861	466	(1,645)	17,684
Segment assets	992,609	1,480,683	1,370,534	(484,934)	3,358,892
Segment liabilities	526,907	1,180,194	118,661	(20,653)	1,805,109
Quarter ended 31 March 2007					
Business Segments	Shareholders' fund	General business	Life business	Consolidated adjustments	Consolidated
	<i>RM' 000</i>	<i>RM' 000</i>	<i>RM' 000</i>	<i>RM' 000</i>	<i>RM' 000</i>
Operating revenue	483	130,148	146,595	-	277,226
Profit before tax	475	3,743	-	-	4,218
Tax expense	(96)	(1,147)	-	-	(1,243)
Profit after tax	379	2,596	-	-	2,975
Segment assets	63,038	951,568	1,358,912	(167,886)	2,205,632
Segment liabilities	1,592	559,105	109,996	(3,622)	667,071

Financial information by geographical segments is not applicable as the Group operates in Malaysia only.

10 Capital Commitments

As at 31 March 2008	
	<i>RM '000</i>
Property, plant and equipment	
Approved and contracted for	7,817
Approved but not contracted for	14,135

11 Changes in Contingent Liabilities

There were no contingent liabilities as at the date of this financial report.

As at 31 March 2008, bank guarantees and other credit facilities of the Group had been utilized up to approximately RM51.1 million. The bank guarantees utilized were in respect of the general insurance business, namely, in relation to performance bond and immigration bond business.

12 Debt and Equity Securities

There were no issuances and repayment of debts and equity securities, share buy backs, share cancellations, share held as treasury shares and resale of treasury shares by the Group in the quarter under review.

13 Related Party Transactions

The significant related party transactions are as follows:-

Name	Nature	Income RM '000	Expense RM '000
Allianz SE (formerly known as Allianz Aktiengesellschaft) Group	Reinsurance premium	2,743	26,260 *
	Group Information Package service costs and Open Product Underwriting System project license, consultancy fee and related expenses for Allianz Life Insurance Malaysia Berhad ("Allianz Life"), a wholly-owned subsidiary of the Company.	-	21
Allianz Global Investors (AGI) Singapore Limited	Payment of fund management fees	-	91

As the Group is in the insurance business, the figures do not include payment obligations to the insured arising from claims duly made pursuant to any insurance policies.

14 Dividend Paid

There was no dividend paid by the Company during the quarter under review (2007: Nil).

**PART B: EXPLANATORY NOTES IN COMPLIANCE WITH BURSA SECURITIES LISTING REQUIREMENTS
UNDER PART A OF APPENDIX 9B**

1 Review of Results

Results of the current year to-date against the preceding year to-date (1st Quarter 2008 versus 1st Quarter 2007)

1.1 Operating Revenue

Operating revenue increased by 43% or RM112.5 million largely due to the growth in gross premium. The general and life insurance gross premiums grew by RM93.9 million and RM18.6m respectively. In regards to general insurance, the growth in gross premium was also attributed to the newly acquired CAB, which contributed RM67.1 million.

1.2 Profit Before Tax

The Group's profit before tax improved by 514% or RM21.7 million on the back of higher underwriting profit from the general insurance business (which improved by RM16.2 million) and better investment income (which improved by RM 6.0 million).

The profit for the quarter under review excludes any surplus to be transferred from the Life Fund to the Shareholders' Fund. The surplus from the Life Fund will be determined at the financial year end after the statutory valuation of the Life Fund's liabilities has been carried out by the actuary.

2 Comparison with Preceding Quarter

Results of the current quarter against the preceding quarter (1st Quarter 2008 versus 4th Quarter 2007)

2.1 Operating Revenue

Operating revenue declined by 19% or RM91.2 million compared to the preceding quarter. The 4th quarter is usually the strongest quarter for the Group.

2.2 Profit Before Tax

Profit before tax improved by RM30.5 million mainly due to the improvement in underwriting profit as a result of the lower claims incurred during the quarter under review.

3 Prospects For 2008

There is increased competition within the insurance industry, more so with the general slow down in the economy. Nevertheless, the Group intends to capitalize on its acquisition of CAB to gain scale and consolidate its market position. The Group is optimistic that it can achieve better results in 2008.

4 Profit Forecast

The Group did not issue any profit forecast or profit guarantee.

5 Taxation

	Individual Period		Cumulative Period	
	Quarter Ended 31-Mar-08 <i>RM' 000</i>	Quarter Ended 31-Mar-07 <i>RM' 000</i>	Period Ended 31-Mar-08 <i>RM' 000</i>	Period Ended 31-Mar-07 <i>RM' 000</i>
Profit before tax	25,930	4,218	25,930	4,218
Current year taxation:-				
Income tax	9,442	2,073	9,442	2,073
Deferred tax	(1,194)	(830)	(1,194)	(830)
	8,248	1,243	8,248	1,243
Effective tax rate (%)	31.8%	29.5%	31.8%	29.5%

The effective tax rate of the Group for the quarter under review was higher than the statutory tax rate due to certain non-deductible expenses.

6 Unquoted Investments and Properties

During the quarter under review, there was no sale of unquoted investments and properties other than in the ordinary course of business.

7 Quoted Investments

There was no purchase or disposal of quoted securities by the Group other than by the insurance subsidiaries, which are exempted from disclosure.

8 Status of Corporate Proposal Announced

The status of the corporate proposals undertaken by the Company are as follows:-

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Corporate Proposal	Status
Proposed acquisition of the entire equity interest in Tahan Insurance Malaysia Berhad ("Proposed Acquisition of Tahan")	There is no development since the last disclosure.

9 Borrowing and Debt Securities

There were no borrowings and debt securities as at 31 March 2008.

10 Off Balance Sheet Financial Instruments

During the quarter under review, the Group did not enter into any contracts involving off balance sheet financial instruments.

11 Changes in Material Litigation

Save as disclosed below, the Group is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at the date of this Circular, which have a material effect on the financial position or the business of the Group and the Directors do not have any knowledge of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

Litigations instituted against the wholly-owned subsidiaries of the Company

11.1 Allianz General Insurance Company (Malaysia) Berhad ("AGIC")

11.1.1 Kuala Lumpur High Court Originating Summons Number D2-24-377-1997 in the matter of Malaysia British Assurance Berhad v Langkah Bahagia Sdn Bhd

Pursuant to an unconditional mandatory general offer ("MGO") undertaken by Langkah Bahagia Sdn. Bhd. ("LBSB") in 1997 for the remaining ordinary shares in International Bank Malaysia Bhd. (formerly known as Hock Hua Bank (Sabah) Berhad) ("IBMB"), LBSB rejected the acceptance of the MGO in respect of 3,000,000 shares in IBMB ("Said Shares") owned by Malaysia British Assurance Berhad (subsequently known as Allianz General Insurance Malaysia Berhad and now known as Allianz Malaysia Berhad ("AMB") on the grounds that AMB had failed to obtain prior written approval from Bank Negara Malaysia under Section 45 of the Banking and Financial Institutions Act, 1989 ("BAFIA") for the sale of the Said Shares ("BAFIA Approval").

AMB had been advised by its solicitors that it was under no legal obligation to obtain the BAFIA Approval and that there was a concluded contract ("Contract") between AMB and LBSB to acquire from AMB the Said Shares.

AMB filed an action at the Kuala Lumpur High Court ("Court Proceedings") on 16 December 1997 in which it sought, inter-alia, declarations that the acceptance by AMB of the MGO was a

valid and enforceable contract and that the purported rejection by LBSB of AMB's acceptance of the MGO was invalid and of no effect.

AMB had on 29 September 2000 entered into a conditional sale and purchase agreement with Multi-Purpose Bank Berhad ("MPBB") and Malaysian Plantations Berhad ("MPlant") for the disposal of AMB's entire equity interest in IBMB to MPBB ("Disposal").

In view of the Disposal, LBSB agreed and a court order was obtained for the postponement of the Court Proceedings and amendment to the pleadings in respect of the Court Proceedings.

The Disposal was deemed completed on 9 January 2001 by a notice given by MPlant to AMB.

As a result of the completion of the Disposal, AMB then claimed for damages against LBSB. Hearing of the part-heard Court Proceedings concluded on 9 January 2003 and the Court granted judgment in favor of AMB on 5 April 2007 ("Judgment") subject to assessment of damages to be paid by LBSB to AMB. Pursuant to the Judgment, AMB's solicitors advised AMB to file a summons for the said assessment of damages. Meanwhile, LBSB filed an appeal to the Court of Appeal ("Appeal") against the Judgment and further filed an application for a stay of proceedings pending their Appeal.

Following an internal restructuring exercise which involved the transfer of the general insurance business as well as assets and liabilities including these Court Proceedings from AMB to AGIC, a wholly-owned subsidiary which took effect on 1 July 2007, AGIC was deemed to be the plaintiff in these Court Proceedings.

Both the Company and LBSB have agreed to an out of court settlement wherein the Company would receive a total sum of approximately RM25,000,000-00 over a period of 3 years. Accordingly, an Agreement has been entered into by the Company and LBSB on 1 April 2008 to effect the said settlement and under which LBSB is to withdraw its Appeal within 30 days from the date of the said Agreement.

11.2 Commerce Assurance Berhad ("CAB")

11.2.1 Kota Bharu High Court Suit No: 22-115-05 in the matter of Mohd Shokri bin Abdul Rahim - v- CAB

The Plaintiff is an individual agent based in Kota Bharu, Kelantan and services the Dewan Perniagaan Melayu Negeri Kelantan and Dewan Perniagaan Melayu Negeri Pahang ("DPM").

DPM has several policies with CAB and it has been the standard procedure for DPM to liaise directly with CAB for payment of premium and CAB would then pay the commission to the Plaintiff. The disputed transaction arose when DPM failed to pay for the renewal of the policy.

The Plaintiff claims that CAB had without his consent issued the extension to DPM and therefore blacklisted and suspended his agency. The Plaintiff issued a letter dated 19 August 2002 requesting for his agency to be terminated upon payments of the outstanding sum deemed owed and filed a suit on 1 December 2005 seeking reinstatement of his insurance agency, general damages of RM25,000,000 or in the alternative, a sum assessed by the Court for damage for loss of income and loss of future business, damages for loss of goodwill on the Plaintiff's good name to be assessed by the Court and costs including Plaintiff's legal costs.

CAB's solicitors are of the opinion that the claim by the Plaintiff is without merit or basis. CAB's application to strike out the Plaintiff's claim was dismissed by the Senior Assistant

Registrar ("SAR"). CAB has since filed an application for an extension of time to file a Notice of Appeal against the SAR's decision which is fixed for hearing on 29 June 2008.

11.2.2 High Court of Sabah & Sarawak Originating Summons No: T(24)150F 2006 in the matter of Lau Yee Fai @ Lau Yee Ming - v- CAB

The Plaintiff was employed by CAB since 1975 and resigned on 3 May 2005 after 29 years and 7 months of service. Vide a letter dated 9 May 2005, the Plaintiff was informed that she was entitled to a resignation benefit for the sum of RM17,228 after deduction of RM55,127 being the employer's contribution of the Employees' Provident Fund ("EPF").

The Plaintiff was not satisfied with the deduction by CAB of their contribution for EPF from her gratuity and filed a suit on 13 March 2006 seeking a refund of the sum of RM55,127 and interest of 8% thereon from 1 June 2005 until the date of judgment and also 8% interest per annum on the damages awarded together with costs of the application filed on a solicitor client basis.

This case was heard on 18 April 2007 and on 13 November 2007, the Judge ruled in favor of the Plaintiff. The Plaintiff made a demand for the Judgment Sum with interest amounting to RM67,415.03 (excluding costs which are to be taxed) and CAB has forwarded the said payment to the Plaintiff's solicitors.

CAB has filed a Notice of Appeal dated 3 December 2007 ("Appeal") to the Court of Appeal against the said decision. CAB's solicitors are of the opinion that CAB stands a chance in succeeding in the Appeal.

To date, the Memorandum of Appeal and the Record of Appeal have been filed for the Appeal. The forum and the hearing date for the Appeal have yet to be fixed by Court.

11.2.3 Kuala Lumpur High Court Civil Suit No: S4-22-1197-2007 in the matter of Duopharma Properties Sdn Bhd (“First Plaintiff”), Michaelian (Malaysia) Sdn Bhd (“Second Plaintiff”), Michaelian Holdings Sdn Bhd (“Third Plaintiff”) & Duomark Properties Sdn Bhd (“Fourth Plaintiff”) (collectively, “Plaintiffs”) - v - Commerce International Group Berhad (“First Defendant”) & CAB (collectively “Defendants”)

The Plaintiffs and Defendants entered into negotiations on the sale and purchase of Levels 10, 12, 13, 13A and 15 Block 3A, Plaza Sentral Kuala Lumpur (“Properties”) and thereafter for a lease back of the Properties to CAB. The Plaintiffs signed a sale and purchase agreement to purchase the Properties and paid a deposit in relation thereto but the intended sale did not complete (“Aborted Transaction”).

The Plaintiffs have recently filed a suit against the Defendants, the particulars of which are as follows:-

- the First Plaintiff is seeking an Order for specific performance of the Aborted Transaction and in the event it is not granted, special damages being the repayment of the earnest deposit of RM612,069 with interest at 8% per annum from 30 May 2006 until full realization and special damages being the interest on 8% per annum on the balance of the deposit in the sum RM1,428,161 from 6 July 2007 until 2 August 2007 for the loss of use of these funds amounting to RM123,017;
- the First and/or Second Plaintiffs is/are seeking special damages in the sum of RM4,822,200 as loss of leaseback rentals for 2 parcels of the Properties and interest at 4% per annum thereon from the date of filing until full realization;
- the First and/or Third Plaintiffs is/are seeking special damages in the sum of RM4,808,400 as loss of leaseback rentals for 2 other parcels of the Properties and interest at 4% per annum thereon from the date of filing until full realization; and
- the First and/or Fourth Plaintiffs is/are seeking special damages in the sum of RM2,418,400 as loss of leaseback rentals for the fifth parcels of the Properties and interest at 4% per annum thereon from the date of filing until full realization.

CAB has filed its defence against this claim.

On the same subject matter, CAB received 2 notices from Kuala Lumpur Plaza Sentral Sdn. Bhd. (“KLSB”) informing that the Plaintiffs have lodged private caveats on the master title of the Properties on which Block 3A of Plaza Sentral is erected.

The private caveats lodged by the Plaintiffs on the master title of Block 3A of Plaza Sentral would adversely affect the rights of third parties and to avoid any liability arising from the lodgement of the said private caveats, CAB has filed an application for the removal of the said caveats vide Originating Summons No: S1-24-2518-2007 at the Kuala Lumpur High Court which was heard and dismissed by Court on 21 April 2008. CAB has since instructed its solicitors to file an appeal against the said decision.

The First Defendant has, by way of a letter agreement dated 10 July 2007, given a confirmation to indemnify and keep AMB (for itself and as trustee of CAB) indemnified against any loss, or liability suffered, any payment made or required to be made, and any cost and expenses incurred by AMB or CAB in the event that judgment is entered against CAB in respect of this matter by a court of competent jurisdiction. Accordingly, this suit would not have an adverse material financial impact on the Group.

12 Dividend

No dividend has been proposed or declared for the quarter under review. (2007: Nil).

13 Earnings Per Share

The earnings per share is calculated based on the profit attributable to equity holders of the parent divided by the weighted average number of shares.

	Individual Period		Cumulative Period	
	Quarter Ended 31-Mar-08	Quarter Ended 31-Mar-07	Period Ended 31-Mar-08	Period Ended 31-Mar-07
Profit attributable to equity shareholders (RM'000)	17,683	2,975	17,683	2,975
Weighted average number of shares ('000)	153,869	153,765	153,869	153,765
Basic earnings per share (sen)	11.49	1.93	11.49	1.93
Diluted earnings per share (sen)	11.49	1.93	11.49	1.93

By Order of the Board

Ng Siew Gek
Secretary

Kuala Lumpur
26 May 2008